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Then he dropped his depth charge:
 "Recently, however, reports came to our attention that members of the pharmaceutical industry in Colombia—who were offering their products under trade names—had started attempts to block or to slow the generic program in Colombia and to interfere with its extension elsewhere.

"At first, we were ready to discount much of this as healthy competition. More and more, however, we grew alarmed at the extent and severity of the concerted attack against the generic program."

Mr. Nolen then made these accusations:

Doctors were advised that it was impossible to produce quality pharmaceuticals at the prices being offered. These doctors received a sizable amount of literature attacking generic drugs. Some of this literature originated in the United States.

"Pressure on medical journals"—Colombian medical journals consistently refused McKesson advertising, while at the same time they carried "extensive and distorted articles and editorials critical of generic drugs."

"Refusal to sell activities"—the campaign against generics "has even involved the cutting off of supplies necessary for the continuing success of the generic program—that is the refusal of certain pharmaceutical manufacturers to sell us raw materials useful for the generic program." Mr. Nolen made it clear that some of these firms are U.S. drug manufacturers and licensees.

"Interference with extension of the generic program"—There are reports from other South and Central American countries that strong efforts were being made to stop generic drug programs in those countries before they got started.

Serious charges by the respected head of one of the Nation's largest corporations. Made, June 25, they are still being bounced back and forth between various Government agencies and congressional committees.

Industry argued that:

(1) The disclosure of the matters called for would gravely injure the U.S. pharmaceutical industry in its Latin American operations and would endanger all private foreign investment in the area. (2) Industry was working toward solutions of its own problems. (3) The balance of payments would be hurt if overseas drug profits were cut, and (4) Industry produced its records for the subcommittee, the information contained in them might be inimical to the foreign policy of the United States.

After the executive session, the Foreign Relations Committee advised Senator Kefauver that the investigation should be conducted either by the Department of Justice or State.

Yet State had already said it could not conduct the investigation, and Justice said it could only look into possible violations under existing antitrust laws leaving a vast area unexplored.

There the matter lies.

Unless Senator HART is successful today the investigation is "for all practical purposes" ended, the *Herald Tribune* was told.

This spokesman summed it up this way: "The State Department and AID say they don't have the resources to do an investigation. The Foreign Relations Committee has washed its hands of the matter. The Department of Justice is only interested in pieces of the testimony."

McKesson supporters told the *Herald Tribune*:

"This is exactly what was designed to happen."

(By William Haddad)

The Senate Anti-Trust and Monopoly subcommittee voted unanimously yesterday to conduct hearings on charges that drug manufacturers are exerting pressures to prevent the sale of low-cost drugs.

The subcommittee chairman, Senator PHILIP HART, Democrat, of Michigan, said the closed-door hearings will begin "as soon as possible."

In the interim, the subcommittee will hear from Herman C. Nolen, board chairman of McKesson & Robbins, who has charged that his company is the target of a concerted and malicious campaign to stop the sale of low-cost drugs in Latin America.

Also to be heard will be the drug manufacturers and the PMA. They deny the charges. Along with the principals in the dispute, the subcommittee will hear from the Department of State and Justice and the Agency for International Development.

Senator HART said that "on the basis of these hearings, the committee would then be in a position to decide whether to go ahead with a full-scale inquiry, and whether public hearings should be held on the adequacy of existing law to deal with situations of this kind."

"These hearings will also influence the decision as to whether the existing subcommittee should be modified," he said.

Senator KENNETH B. KEATING, Republican, of New York, a member of the seven-man subcommittee, said he joined in the unanimous action "as the fairest method of handling this investigation."

"I am sure the subcommittee will proceed promptly and diligently as outlined by Chairman HART," he said.

After the 90-minute meeting, Senator HART told reporters that some members of the subcommittee wanted to go ahead with the investigation, some wanted to call it off, and others wanted more information before deciding what to do.

He said the subcommittee now lacks information "to take a fish-or-cut-bait attitude."

Previously, over the bitter opposition of Senators HART and Kefauver, the subcommittee voted to turn "for counsel" to the Senate Foreign Relations Committee.

In what was widely interpreted as a defeat for Senator Kefauver, the Foreign Relations Committee conducted its own closed-door hearings and concluded that the investigation should be carried on by the Departments of State and Justice.

(By Martin J. Steadman)

In Venezuela recently, the drug manufacturers' association was advised to "fight the government" because that was easier than opposing the huge American wholesale drug company, McKesson & Robbins, and its low-priced line of generic drugs.

In Bogota, Colombia, where the McKesson program has its base, the Minister of Health told the nation's Senate he had evidence that rival drug concerns were tampering with the low-priced drugs.

In Costa Rica the pharmacists association and the largest drug distributor, which exclusively represents five major American firms, vowed to do "everything in our power to see that, through every Central American association, McKesson does not establish in Central America."

In Washington, D.C., a secret meeting was held between representatives of the Colombian drug industry and this Nation's 140-member Pharmaceutical Manufacturers Association. The South Americans urged "an appeal from government to government," and asked that the United States intervene to arrange that only certain drugs be sold generically in Colombia.

What was developing—and is now the subject of a Senate investigation—is a huge commercial war to stop the sale of low-cost generic drugs, some at prices one-tenth the prevailing rates. The prices hinge on the difference between generic and trade names.

The struggle began when Colombia published a decree last year proclaiming a new

generic drug program, and invited all major drug firms to participate. The only American concern to join the experiment was McKesson, which bought a 50-percent interest in a Colombian drug manufacturer, Drogueria Aliados, Inc.

McKesson marketed 322 pain-killing, life-saving drugs at dramatically low prices. An antibiotic used in treatment of respiratory infections and typhoid sold for 3.6 cents per capsule, compared with the trade name product that sold for 29 cents. An arthritis was able to buy a month's supply of prednisolone for \$2 instead of the \$16 it had cost before.

The drug industry in Colombia, which includes 13 American firms, fought back. Early this year, McKesson told Senator Estes Kefauver, chairman of the Senate Anti-Trust and Monopoly Subcommittee, that it was the victim of a "concerted and malicious campaign" to stop the generic program and prevent its spread to other sections of the world, including the United States.

Herman C. Nolen, McKesson chairman, went to Washington to outline his charges that the drug industry was ganging up on his firm, the Nation's largest wholesale drug house.

He testified in secret session before the Senate Foreign Relations Committee on June 25. Mr. Nolen said his company was meeting "organized interference" which seriously endangered the Colombian generic program.

What is behind this violent struggle to prevent the sale of low-price generic drugs?

The late Senator Kefauver may have explained it when he wrote in a letter to the Pharmaceutical Manufacturers Association on July 24:

"Such information as we have now indicates that the main issue is simply the desire of some major American drug companies to continue to sell drugs in Latin America at these exorbitant markups, a willingness on the part of some other American companies to sell at more modest though still satisfactory markups, and certain alleged concerted efforts on the part of the former to prevent the latter from doing so."

The influential and respected Bogota newspaper, *El Tiempo*, quoted Health Minister Patino on sales prices to the Colombian public. Dr. Patino cited as an example vitamin B₁₂, which costs 21 cents to produce and sells under trademark at \$12 to \$14.

When the generic program began, the price was slashed to \$1.20. Dr. Patino said that the raw material prices charged by the manufacturer to other companies producing generically included the cost of research plus profit.

The Health Minister clearly implied that the trade-name manufacturers could also sell at the \$1.20 figure and still cover their research and development costs, at the same time making a profit.

Dr. Patino was especially resentful, according to *El Tiempo*, of the failure of the drug manufacturers to bring down the cost to the consumer of B₁₂.

"There are cases such as that of vitamin B₁₂," he said, "which was quoted in 1961 at \$1,600 per gram, and in 1963 at \$125 . . . its price (to the distributor) dropped 92.1 percent, but the price of the drug to the public did not go down."

INTERIM REPORT BY PREPAREDNESS INVESTIGATING SUBCOMMITTEE

MR. STENNIS. Mr. President, I have before me a copy of the interim report by the Preparedness Investigating Subcommittee on the treaty. I ask unanimous consent that the title page, the letter of transmittal, and pages 1